

NCA  
VOC FOR PGM/FN  
BACKGROUNDER NO. 5-5828  
VERA HIRSCHBERG

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"JAPAN, INC.:" THE PSYCHOLOGICAL TRADE BARRIER

ANNCR:

JAPANESE PRIME MINISTER TAKEO FUKUDA, DURING HIS VISIT TO WASHINGTON EARLIER THIS MONTH, PROMISED THAT JAPAN WOULD DO MORE TO RESTRAIN ITS EXPORTS OF KEY GOODS IN AN ATTEMPT TO REDUCE ITS ENORMOUS BALANCE OF PAYMENTS SURPLUS WITH THE UNITED STATES. BUT A UNITED STATES TREASURY DEPARTMENT STUDY CONCLUDES THAT JAPANESE-AMERICAN TRADE PROBLEMS WILL NOT DISAPPEAR OVERNIGHT. VOA'S VERA HIRSCHBERG HAS DETAILS IN THIS BACKGROUND REPORT.

VOICE:

DURING HIS VISIT, MISTER FUKUDA EXPLAINED TO PRESIDENT CARTER AND OTHER OFFICIALS THE ACTIONS HIS GOVERNMENT HAS TAKEN AND WILL TAKE TO HOLD DOWN EXPORTS TO AND ENCOURAGE IMPORTS FROM THE UNITED STATES. HE RESTATED HIS GOVERNMENT'S INTENTION TO CUT JAPAN'S NINE THOUSAND MILLION DOLLAR TRADE SURPLUS WITH THE UNITED STATES IN 1977.

AT THE SAME TIME, THE UNITED STATES IS ATTEMPTING TO INCREASE THE COMPETITIVENESS OF AMERICAN PRODUCTS IN JAPAN. AS PART OF THIS EFFORT, THE UNITED STATES TREASURY DEPARTMENT RECENTLY UNDERTOOK A STUDY ON BARRIERS TO AMERICAN EXPORT SALES IN JAPAN. ANTHONY SOLOMON, THE DEPARTMENT'S UNDER SECRETARY FOR MONETARY AFFAIRS, REPORTED ON THE STUDY THE OTHER DAY IN AN ARTICLE IN THE NEW YORK TIMES. A KEY FINDING, HE SAID, WAS THAT JAPAN IS NOT RESPONSIBLE FOR ALL THE BARRIERS TO INCREASED TRADE. ALONG WITH TARIFF AND NON-TARIFF BARRIERS THAT ARE EXCLUSIVELY JAPANESE, HE SAID, THE STUDY FOUND WHAT MR. SOLOMON CALLED "SIGNIFICANT PSYCHOLOGICAL BARRIERS" ON THE PART OF UNITED STATES BUSINESSMEN. THESE BARRIERS, HE SAYS, ARE PARTLY TO BLAME FOR THE AMERICAN

EXPORT LAG. AND, HE NOTES THAT BUSINESSMEN FROM OTHER COUNTRIES HAVE, IN RECENT YEARS, INCREASED THEIR SHARE OF THE JAPANESE IMPORT MARKET AT AMERICAN EXPENSE. THIS, HE SAYS, HAS TAKEN IN A VARIETY OF GOODS, INCLUDING FOOD, FUEL AND MANUFACTURED GOODS. FOR EXAMPLE, HE SAID THAT BETWEEN 1968 AND 1970, AMERICAN COAL PROVIDED 58 PERCENT OF JAPAN'S COAL IMPORT NEEDS. BUT BY 1976, THEY SUPPLIED ONLY SLIGHTLY MORE THAN 30 PERCENT, WITH OTHER COAL EXPORTERS, LED BY AUSTRALIA, INCREASING THEIR MARKET SHARES.

ACCORDING TO MISTER SOLOMON, BECAUSE JAPAN'S PAST POLICIES SEVERELY RESTRICTED IMPORTS AND FOREIGN INVESTMENTS, AMERICAN BUSINESSMEN, IN HIS WORDS, "RECALLING THE TREMENDOUS DIFFICULTIES THEY ONCE EXPERIENCED, SEEM TO IGNORE NEW INVESTMENT OPPORTUNITIES. SOME AMERICAN BUSINESSMEN, HE SAYS, ARE STILL INTIMIDATED BY THE IMAGE OF A SO-CALLED "JAPAN, INCORPORATED ... A HUGE CENTRALLY DIRECTED ECONOMY THAT FOREIGN BUSINESSMEN CANNOT CRACK."

THAT IMAGE IS FAULTY, ACCORDING TO THE TREASURY DEPARTMENT STUDY. IT FINDS THE JAPANESE ECONOMY HUGE AND COMPLEX, BUT NOT A COORDINATED, XENOPHOBIC MONOLITH WHERE COMPETITION BY FOREIGNERS IS IMPOSSIBLE. IN MANY CASES, ACCORDING TO THE REPORT, AMERICAN EXPORT LOSSES ARE DUE TO THE LACK OF AGGRESSIVENESS OR INNOVATIVE TECHNIQUES AND FAULTY PRICING AND MARKETING STRATEGIES BY AMERICAN SUPPLIERS. AMERICAN EXPORTS TO JAPAN, MR. SOLOMON SAYS, WILL NOT IMPROVE SIMPLY BECAUSE JAPANESE TRADE BARRIERS ARE COMING DOWN. INSTEAD, SAYS MISTER SOLOMON, AMERICAN BUSINESSMEN MUST WORK HARDER TO TAP THE JAPANESE MARKET.